

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter declined 6 cents to \$1.0700, Grade A declined 6 cents to \$0.9900, and Grade B declined 7 cents to \$0.9800. Also at the CME, barrel cheese is unchanged at \$1.1225 and 40# blocks increased 3 cents to \$1.1975. (Cheese prices and trading for the July 3 session are found on page 2.)

The "basic formula price used in Federal Orders" for June 1997 is \$10.74 per cwt. at a 3.5% test. The basic formula price is the base month M/W price of \$10.75, minus a change of \$0.01, which is the change in the butter/powder/cheese formula from May to June. For June, the NASS average cheese price was \$1.1583. The butter fat differential is \$0.114. The June 1997 basic formula price is 4 cents more than last month and \$3.18 less than June 1996. Class III-A prices are: for Federal Orders 1 & 2, \$12.11; for Order 4, \$12.13; for Orders 124, 131, & 135, \$12.10; for other affected orders, \$12.22.

According to NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 1997 was unchanged at 117. Compared with June 1996, the index was up 2 points (1.7%). The index of prices received by farmers for dairy products declined 4 points during the month of June 1997 to 96. Compared with June 1996, the index was down 17 points (15.0%). On a 3.5% butterfat basis, prices received by farmers in June with changes from May were: for All Milk, \$12.55, down 36 cents; for Fluid Grade Milk, \$12.65, down 37 cents; and for Manufacturing Grade Milk, \$10.75, up 3 cents.

According to NASS, U.S. butter production was 103.1 million pounds in May, 2.2% above May 1996 but 12.2% below April 1997. American type cheese production totaled 298.8 million pounds, 1.1% below May 1996 but 7.0% above April 1997. Total cheese output (excluding cottage cheese) was 648.8 million pounds, 1.9% above May 1996 and 7.8% above April 1997. Nonfat dry milk production, for human food, totaled 132.3 million pounds, 15.6% above May 1996 and 4.0% above April 1997. Dry whey production,

for human food, was 97.1 million pounds, 3.1% above May 1996 and 11.4% above April 1997.

Class I sales declined from recent summer levels over the long holiday weekend, forcing additional milk supplies into manufacturing channels. Surplus milk offerings since the weekend have decreased. Milk receipts are lower through most southern states, from California through the Southeast. Cool comfortable temperatures though much of the Northwest, upper Midwest and Northeast have helped receipts rebound from recent heat stressed levels. Cream demand has returned to pre-holiday levels after most ice cream producers reopened after the holiday break. Churning schedules have also slowed since the holiday.

Most recent powder market trends continue. Prices for NDM are steady, though the tone is steady to weak. Drying schedules were very heavy over the holiday period. DEIP orders are helping to clear offerings, but supplies remain moderate to heavy. Buttermilk is steadier with prices up slightly at the low end of the range. Competition from NDM for dryer time helped keep buttermilk powder supplies from building for some producers. Ice cream production is also absorbing extra buttermilk. The whey and WPC markets remain firm and prices are higher.

During the period of July 3 - 11, CCC net dairy product purchases under the price support program were 330,690 pounds of Western nonfortified NDM.

*****SPECIAL THIS ISSUE*****

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BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	JULY 8	:	JULY 10	:	JULY 11
AA	:	\$1.1300 - 1.1400	:	\$1.1300 - 1.1400	:	\$1.1300 - 1.1400
A	:	\$1.0500 - 1.0600	:	\$1.0500 - 1.0600	:	\$1.0500 - 1.0600

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, all grades of bulk butter are 6 to 7 cents lower. Churning schedules over the past holiday weekend were heavier, but high cream multiples and renewed ice cream production are limiting cream supplies to butter operations. Stocks of butter are generally sufficient for current needs. Butter sales are not as brisk as they have been in past weeks. Overall sales are fair at best. Many producers/handlers are attributing the slowdown in the market to lighter orders.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	JULY 7 - 11, 1997
BARRELS*	:	\$1.1125 - 1.1325 (NOMINAL)
40# BLOCKS	:	\$1.1575 - 1.1975 (NOMINAL)
	:	(-.0100)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady to firm. At the Chicago Mercantile Exchange, 40# blocks increased 3 cents to \$1.1975 and barrels were unchanged at \$1.1225. Barrels remain in more abundant supply than current blocks. Cheese production and offerings remain heavy in many northern locations, but lighter in the South. Surplus milk volumes declined after the holiday. Yields have declined to summer levels. Since October 1, 1996, CCC has contracted for nearly 78 million pounds of cheese at market prices compared to 68.9 million pounds for the previous entire year.

CHICAGO MERCANTILE EXCHANGE

Sales are listed in chronological order; bids and offers listed in numeric order.

BUTTER TRANSACTIONS ON FRIDAY, JULY 11, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	- .0600	:	\$1.0700 : N/A 07/11/97
A	:	- .0600	:	\$0.9900 : N/A 07/11/97
B	:	- .0700	:	\$0.9800 : N/A 07/11/97

CHEESE TRANSACTIONS ON THURSDAY, JULY 10, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	N.C.	:	\$1.1225 : SALE 07/10/97
40# BLOCKS	:	+.0300	:	\$1.1975 : SALE 07/10/97

SALES: 12 CARS BARRELS: 7 @ \$1.1300, 3 @ \$1.1275, 1 @ \$1.1350, 1 @ \$1.1225 (LST)
18 CARS 40# BLOCKS: 8 @ \$1.1675, 4 @ \$1.1700, 2 @ \$1.1750, 4 @ \$1.1975 (LST)

BIDS UNFILLED: 1 CAR BARRELS @ \$1.1200

OFFERS UNCOVERED: 23 CARS BARRELS:
4 @ \$1.1225, 4 @ \$1.1325, 4 @ \$1.1375,
3 @ \$1.1400, 6 @ \$1.1500, 1 @ \$1.1525,
1 @ \$1.1550

Last week's trading activity is located on Page 2 of this report.

THIS WEEK'S BUTTER ACTIVITY NOT AVAILABLE AT PRESS TIME

CHEESE TRANSACTIONS ON THURSDAY, JULY 03, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	N.C.	\$1.1225 : OFFER 07/03/97
40# BLOCKS	N.C.	\$1.1675 : SALE 07/03/97

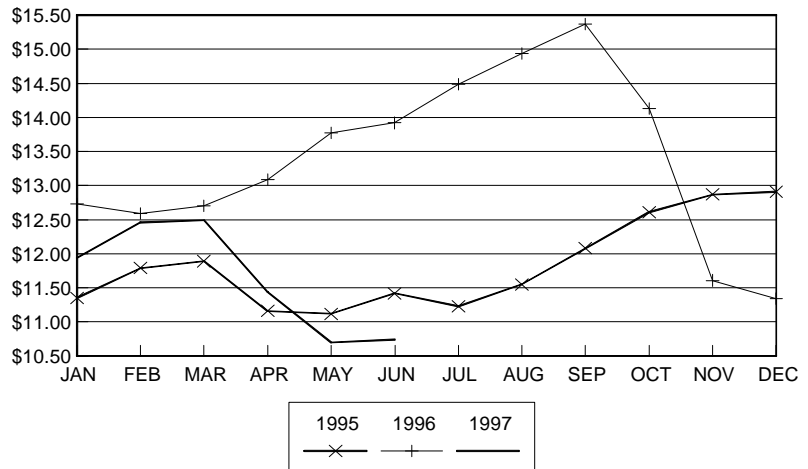
SALES: 8 CARS BARRELS:
 1 @ \$1.1225, 2 @ \$1.1300, 2 @ \$1.1275,
 2 @ \$1.1300, 1 @ \$1.1250
 6 CARS 40# BLOCKS @ \$1.1675 (LST)

BIDS UNFILLED: NONE

OFFERS UNCOVERED: 17 CARS BARRELS:
 1 @ \$1.1400, 3 @ \$1.1350, 11 @ \$1.1300
 1 @ \$1.1250, 1 @ \$1.1225 (LST)

BASIC FORMULA PRICE/M-W

PER CWT. AT 3.5% TEST



NASS DATA, GRAPH BY DAIRY MARKET NEWS

The following weighted averages and pounds are the figures used to determine the 40 lb. Block cheese average used in the calculation of the June BFP product price formula adjuster:

week ending	June 27	June 20	June 13	June 6	May 30
weighted average	1.1582	1.1575	1.1608	1.1595	1.1561
pounds	5,092,409	6,049,131	4,854,962	5,838,913	5,654,293

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are unchanged, but the market tone is showing more signs of weakness. Looking at the trading activity at last Thursday's Chicago Mercantile Exchange, one can see that a number of loads sold below the current/last significant transaction of \$1.1300. Contacts report that bulk butter is not moving as well as it had been. Print sales are just fair at retail, but food service orders are improving in some areas. Churning activity is moderate to heavy, but the high multiples being paid for cream are becoming a deterrent to some butter makers. Most contacts feel that users and/or speculators have more than sufficient stocks to carry them through the summer months. If this is the case, they expect prices not to move too much higher.

WHOLESALE PRICES: MIN 25 BOXES

DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.3400-1.5875
1 LB. PRINTS	: 1.2550-1.4375
CHIPS/PATTIES	: 1.3175-1.4875
REDDIES	: 1.3925-1.5875
CONTINENTALS	: 1.4725-1.6475

CENTRAL

Print butter prices are unchanged, but the market tone is unsettled and weak. Reviewing July 3 trading at the Chicago Mercantile Exchange, 24 cars of AA bulk butter sold under the closing level of \$1.1300. One car sold as low as \$1.1050. Butter production during the past holiday weekend was heavier as anticipated, but edged lower early in the week as cream demand became more active. Stocks of butter are in better balance than many producers/handlers had previously anticipated for this time of the summer. Demand is lighter as buyers review inventory levels following the holiday and hesitate to place sizable orders due to the weakness of current markets.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.2300-1.6375
1 LB. PRINTS	: 1.1950-1.3575
CHIPS/PATTIES	: 1.2200-1.4300
REDDIES	: 1.3050-1.5400
CONTINENTALS	: 1.4600-1.6500

WEST

No price changes are noted for Western print butter. Sales activity has slowed for both bulk and prints with bulk being the slowest. Interest in cream is also less aggressive than a few weeks ago. Buyers seem to be taking a wait and see attitude about additional purchases at this time. U.S. butter production in May totals 103.1 million pounds, up 2.2% from May 1996. Cumulative output for the first five months of the year has reached 556.9 million pounds, down 2.2% from the same period in 1996. Output for selected Western States compared to last year is: California up 16.7%, Oregon up 11.0%, and Washington down 2.9%.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.4125-1.4600
1 LB. PRINTS	: 1.3400-1.4025
PATTIES	: 1.3825-1.5500
REDDIES	: 1.5100-1.5275

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.1375-1.1575
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
07/07/97	36,727	118,923
07/01/97	40,047	116,588
CHANGE	-3,320	+ 2,335
% CHANGE	-8	+ 2

Based on the historical relationship of the preliminary U.S. Cold Storage report of May 30, 1997 and the selected centers storage report, the expected U.S. holdings as of July 1, 1997 are:

Butter	43 million pounds plus or minus 4.13 percent
Cheese	446 million pounds plus or minus 3.13 percent

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	MN/WI	40# BLOCKS WEST	U.S.	640# BLOCKS U.S.	MN/WI	BARRELS OTH STATES	U.S.
JULY 4	1,066,271	1,1442	1,1548	1,1644	3,417,633	4,717,162	8,134,795
		3,599,121	4,862,043	1,121,786		33.96%	34.36%

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/> 34.92%

CHEESE MARKETS

NORTHEAST

Prices are unchanged and the market tone is steady. Production levels continue at heavier than expected levels in the Northeast where surplus milk volumes remain extremely heavy. Most cheese makers have plenty of milk being offered to them and most are not fortifying the incoming milk with additional solids. Demand for cheese is just fair and often not able to keep pace with production. Storing mozzarella and putting cheddar into aging programs are common. During May, U.S. production of American cheese totaled 298.8 million pounds, 1.1% less than last May, but 7.0% more than April 1997. Mozzarella output totaled 203.0 million pounds, 5.5% more than a year ago and 7.1% above a month ago.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1900-1.6500
Cheddar Single Daisies	:	1.1600-1.6450
Cheddar 40# Block	:	1.3050-1.4550
Process 5# Loaf	:	1.3325-1.4750
Process 5# Sliced	:	1.3525-1.4950
Muenster	:	1.3475-1.7475
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steadier, with a slightly firmer undertone developing. At the Chicago Mercantile Exchange on July 3, both 40# blocks and barrel prices were unchanged. Trader expectations are that if milk supplies decline further, current cheese supplies could tighten enough to raise prices later in the year. Most processors and packagers were closed for an extra day or two for the holiday, reducing the need for raw product. Current cheese supplies remain ample. Buyers are having no problem in acquiring extra loads of cheddar or mozzarella, both locally or from the West. Mozzarella and pizza sales remain in the usual summer slow period. At many locations, milk receipts rebounded as temperatures have cooled off to more comfortable levels in many parts of the upper Midwest. Further South, receipts are lighter. Total cheese output in selected Midwestern states is: Wisconsin 180.4 million pounds, down 781,000 pounds (0.4%); Minnesota 59.5 million pounds, off 2.7 million pounds (4.3%); Iowa 20.5 million pounds, up 1.6 million pounds (8.7%); Missouri 13.6 million pounds, down 2.0 million pounds (13.0%); South Dakota 11.4 million pounds, off 442,000 pounds (3.7%); and Ohio 10.0 million pounds, up 521,000 pounds (5.5%).

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4900-1.5600
Brick And/Or Muenster 5#	:	1.4900-1.6250
Cheddar 40# Block	:	1.4200-1.9150
Monterey Jack 10#	:	1.6200-1.9150
Blue 5#	:	1.7725-2.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5425-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

Prices held steady for Western cheese. There seems to be no discernable trend for the near future. Milk production is strong and cheese stocks remain readily available. Blocks are moving better than barrels or process at this time. U.S. Swiss production in May totals 18.8 million pounds, down 9.8% from last year. Total cheese production for May is 648.8 million pounds, up 1.9% from May 1996. Total cheese output compared to last year for selected Western States is: California up 12.9%, Idaho up 18.7%, Oregon up 3.6%, Utah down 36.9%, and Washington up 8.3%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3125-1.6900
Cheddar 40# Block	:	1.3500-1.7300
Cheddar 10# Cuts	:	1.5850-1.7800
Monterey Jack 10#	:	1.5350-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices and the market tone are unchanged. Stocks of imported and/or foreign type cheese are adequate for the generally slow to fair demand. Typically, summer is a very slow period for sales of most types of imported cheese. According to USDA, ERS, cheese imports during the October '96 - April '97 period total 91,000 MT, up 8,000 MT (9.6%) from the same period a year earlier. April imports, at 9,000 MT are down 10% from last April.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.5025-2.0700
Gorgonzola	: 3.2400-5.9400	: 2.1250-2.4900
Parmesan (Italy)	: TFEWR	: 2.8700-2.9500
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.1750-1.6825
Romano (Cows Milk)	: -0-	: 2.7050-2.9100
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Following the announcement of the June BFP, Eastern Milk Market Administrators announced changes to their class prices. The June BFP is \$10.74, up \$0.04 from May. In all orders in the East, June Class I & II milk prices will be up \$.04 from May. In orders 1, 2, and 4, the April Class III prices increased 5 cents, and were up 4 cents in all other orders. The April Class III-A is \$12.11 in orders 1 & 2, \$12.13 in order 4, and \$12.10 in all other Eastern orders. The butterfat differential is \$0.114. The Northeast Compact went into effect on July 1 and already there seems to be some controversy. Reportedly, many grocery stores/chains increased the retail prices of bottled milk which basically passes along the additional costs to the consumer. This has prompted several legislators to call for an investigation of retail pricing policies. Milk production is easing lower in the Northeast, but continued mild temperatures are keeping the milk output at near peak levels. This is somewhat unusual for July. In the Southeast, hot weather is taking its toll on the milk flow and supplies are tighter. In Florida, handlers' milk supply was quite well balanced and only 21 loads were imported this week. In New England, where excess milk was shipped out of the region last week, most of the milk is being handled locally. Manufacturing plant schedules are easing. The condensed skim market is steady with prices often a little lower. Spot demand is fair to good and offerings range from steady to heavier. The fluid cream market remains firm. Supplies/offerings are tight. Demand is good and prices are unchanged. Some loads continue to be imported from California to supplement local tightness and they are competitively priced. Ice cream production and sales are increasing along seasonal patterns. Soft serve and frozen novelty sales are reported as very good. Cultured product sales are fair to good. Bottled cream demand is good. Churning activity is moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.5540 - 1.6590
Delivered Equivalent Atlanta	-	1.5355 - 1.6590 M 1.5455-1.6275
F.O.B. Producing Plants: Upper Midwest	-	1.5330 - 1.5820

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9625 - 1.0450
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M I D W E S T

SPOT SHIPMENTS:

JULY 3 - 10, 1997	LOADS
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	49

About 20 loads of Wisconsin milk are being "direct shipped" and pooled under a Southern Federal Order and not included in the milk shipment total. These fluid shipments began at the end of June. There were a few inquiries for extra milk from the Kentucky/Tennessee area for short term needs, but handlers in nearby states were able to fill the needs. Class I sales within the region generally remain at sluggish summer levels, except in some resort areas. Class II interest remains seasonally strong. The holiday weekend did affect cream sales with reports of sharply reduced ice cream maker demand and prices during

the weekend compared to afterwards. The volume of surplus milk has declined. Reported prices are mostly at class to about 25 cents over. Surplus milk offerings from outside the region have dried up after the long holiday weekend. Most manufacturing plant schedules were heavy over the weekend, but have generally slowed since. Cooler temperatures, including a number of record daily lows, have helped milk receipts to partially rebound after the recent period of heat and humidity in the upper tier of states. Continued heat in more southern states within the area are still showing receipt declines. Nearly all first crop hay/haylage has been harvested with some farmers already well into second crop. The cooler weather slowed corn and soybean growth.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 2 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.00	\$ 32.00- 39.00
REPLACEMENT HEIFER CALVES	\$ 75.00-120.00	\$ 90.00-125.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 2 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 44.50	\$ 33.00- 37.00

W E S T

The Class 1 milk price for California for August and September will average \$12.56, down 73 cents from the previous period and down \$3.82 from the same period last year. Weather conditions are affecting milk production in Arizona and New Mexico. Sustained high temperatures are affecting milk cows despite efforts to provide comfort. In California, temperatures were increasing and beginning to adversely affect the milk flow in parts of the Central Valley. Milk intakes are still well above year ago levels. Feed costs are lower for corn and soybean concentrates, but holding steady to higher for high quality alfalfa hay. Plant capacity was occasionally stretched over the holiday weekend, but producers were able to handle the situation. Cream demand is declining this week due to weaker butter interest and processors recovering from the weekend. Multiples were declining to the lower 130's. Ice cream usage is fair to good, but churning action declining. Conditions remain close to ideal for milk production in the Pacific Northwest. There is enough moisture for forage production and temperatures range from moderate to cool. Feed prices are more moderate, but quality is a concern on the hay supplies that are available. Heifer markets are slow as a number of producers are looking to sell out. Many producers are now beginning to fall behind on paying their current feed bills. Temperatures in the 90's are more common in the northern Mountain States region. No impact is noted on milk production at this time. Most manufacturing plants continue to operate on extended production schedules. Fat and solids content of incoming milk is lower than has been common over the past few summers. More solids and fat are needed to standardize the manufacturing milk for efficient plant operation. Some hay growers are starting to work on a second cutting of hay after an abysmal first cut. Exporters are searching through the entire West looking for good supplies of quality hay which is further tightening a market that most dairy producers are struggling with at this time.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/10/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices and the market tone are steady. Production was often higher over the holiday weekend to process additional surplus milk. Demand is fair at best and mainly for fill-in needs. Buyers are not looking to make purchases very far out. Offerings are available from most producers in the Central region, from other regions, and resellers. Stocks are in excess of current needs. U.S. production of human food NDM during May totaled 132.3 million pounds, 15.6% more than last year and 4.0% higher than last month. (Combined MN and WI production during May totaled 4,978,000 pounds.) Manufacturers' stocks at the end of May totaled 151.2 million pounds, 74.8% higher than last year and 24.6% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0550 - 1.1050 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Prices are higher on the bottom end of the range. The market tone is still showing some unsettledness, but is steadier than in recent weeks. Producers/sellers have taken a holding pattern for the near term. Many feel the market has gone low enough and are no longer discounting. Production was often sporadic over the holidays. Competition for dryer time was high over the weekend when producers looked to process as much milk as possible. During May, dry buttermilk production totaled 4.9 million pounds, up 23.2% from last year but 10.4% lower than April. End-of-month stocks totaled 4.3 million pounds, up 36.4% from last year and 7.6% more than last month.

BUTTERMILK: 1.0200 - 1.1050

DRY WHEY - CENTRAL

Prices continue higher and the prevailing market tone is firmer. Producers' offerings are limited and held with confidence. Some additional loads were offered this week by a few plants. These loads moved quickly. Demand is good and clearing current offers. Resale loads are trading at additional premiums. Production is steady to lower. Stocks are light to moderate. U.S. production of human food whey during May totaled 97.1 million pounds, 3.1% more than last year and 11.4% more than last month. End-of-May stocks, at 32.0 million pounds, are 15.9% less than last year but 18.8% above April.

NONHYGROSCOPIC: .2000 - .2225 MOSTLY: .2075 - .2125

ANIMAL FEED WHEY - CENTRAL

Prices for all animal feed whey are higher and nominal. Markets are following the trend of the whey and WPC markets higher. Offerings of milk replacer, standard and roller ground whey are limited and not readily available. Demand is good for the limited offerings. Delactose demand is good for the time of year. May U.S. animal feed, dry whey production totaled 5.6 million pounds, 16.1% less than last year and 2.7% lower than April. Month-ending stocks were 4.4 million pounds, 20.0% less than last year and 22.8% lower than last month. Animal feed, reduced lactose and minerals whey production during May totaled 2.7 million pounds, 23.6% more than last year; while all stocks (animal and human), at 12.9 million pounds, were 60.0% higher than last year.

MILK REPLACER: .1825 - .2025
STANDARD: .1800 - .1900
ROLLER GROUND: .2050 - .2200
DELACTOSE (Min. 20% protein): .3300 - .3600

LACTOSE - CENTRAL AND WEST

Prices continue to decline due to more contract prices being negotiated and additional lower spot trades. The market tone continues to be weak. Offerings are in excess of current needs. Most producers relying on spot sales are having to discount prices to move. Stocks are in excess of current needs. U.S. lactose production during May totaled 39.9 million pounds, up 23.5% from last year and 12.8% higher than April. End-of-May stocks, at 22.9 million pounds, are 15.4% higher than last year and 14.8% more than last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2200 - .2500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

WPC prices continue to increase and the market undertone remains firm. Producers' offerings are limited and asking prices are at premiums. Some buyers are "bought up" and not in the market, while others are having to scramble to find loads. Stocks are held with confidence. U.S. production of human food WPC during May totaled 27.0 million pounds, a 21.8% increase from last year and 15.5% higher than last month. Manufacturers' stocks at the end of May totaled 10.7 million pounds, 0.3% more than last year and 22.1% above last month.

EXTRA GRADE 34% PROTEIN: .5825 - .6425 MOSTLY: .6025 - .6175

NONFAT DRY MILK - WEST

Prices are steady for both series and the market tone remains weak. Offerings of NDM to the CCC under the price support program resumed this week. Production was running heavy over the July Fourth holiday weekend at or near capacity levels at several locations. New DEIP orders are being made but there is concern as to whether the orders will come fast enough to clear the market surplus. The general trade sentiment is that they will not. Stocks are moderate to heavy. U.S. NDM production in May totaled 132.3 million pounds, up 15.6% from last year and up 4.0% from April. Stocks at the end of the month were reported at 151.2 million pounds, up 74.8% from last year and 24.6% higher than last month. May production in California totaled 50.3 million pounds, up 35.9%, and Washington output totaled 16.8 million pounds, down 1.9% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0650 MOSTLY: 1.0400 - 1.0500

HIGH HEAT: 1.0600 - 1.0800

DRY BUTTERMILK - WEST

Dry buttermilk prices are higher on the low end of the range. The market tone is steadier than in recent weeks. Producers' stocks are being held rather than offered at discounts. Ice cream production is taking more buttermilk, but generally below expectations. Churning is declining as cream is being sold rather than made into butter. Stocks are being held with more confidence. U.S. buttermilk powder production in May totaled 4.9 million pounds, up 23.2% from last year but down 10.4% from April. Stocks at the end of the month were reported at 4.3 million pounds, up 36.4% from a year earlier and up 7.6% from April.

BUTTERMILK: 1.0100 - 1.0700 MOSTLY: 1.0100 - 1.0300

DRY WHEY - WEST

The Western whey market continues to have a firm undertone. Domestic demand ranges from fair to good, while export sales are fair. Some buyers are commenting that they are not able to get product in as timely a basis. Production is holding up better than most manufacturers had anticipated. May U.S. whey production totals 97.1 million pounds, up 3.1% from May 1996. Output for selected Western states compared to last year is: California up 54.6%, Utah up 57.9%, and Washington up 9.5%.

NONHYGROSCOPIC: .1975 - .2200 MOSTLY: .2000 - .2100

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 04, on powder sales of 12,601,265 pounds f.o.b. California manufacturing plants was \$1.0490 per pound. This compares to 11,878,222 pounds at \$1.0522 for the previous week ending June 27, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are about steady. Current drying schedules are lighter as surplus milk volumes are not as heavy as they have been. Also, interest in condensed skim is improving which may be a result of the fact that the June Class II milk price is well below the June Class III-A price. Plant stocks are more than ample for the relatively lackluster demand. Some large-volume deals are being made, but they are less frequent than a few weeks ago. Production of human food, nonfat dry milk during May 1997 totaled 132.3 million pounds, up 15.6% from May 1996 and 4.0% more than April 1997. Month ending stocks, at 151.2 million pounds, are 74.8% above a year ago and 24.6% more than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0550 - 1.1500
DELVD SOUTHEAST:	1.0850 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone is quite firm. Production levels are a little lighter now that more cream is moving into Class II channels. Producers' stocks are light and demand is often improved. Dry buttermilk production during May 1997 totaled 4.9 million pounds, up 23.2% from May 1996 but down 10.4% from April 1997. Month ending stocks, at 4.3 million pounds, are 36.4% more than a year ago and 7.6% more than last month.

F.O.B. NORTHEAST:	1.0600 - 1.0900
DELVD SOUTHEAST:	1.0975 - 1.1400

DRY WHOLE MILK - NATIONAL

Prices are unchanged to slightly higher and the market tone is steady. Production levels are light to moderate. Some producers are filling contracts and are drying regularly, while others are making only to fill spot orders. Spot demand is slow to fair. Dry whole milk production during May 1997 totaled 9.6 million pounds, down 13.1% from May 1996 but 37.3% more than April 1997. Month ending stocks, at 6.2 million pounds, are 34.4% below a year ago but 44.4% more than last month.

F.O.B. PRODUCING PLANT:	1.1600 - 1.2500
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JULY 3, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	34 MT (74,956 LBS)
CHANGE	--	34 MT (74,956 LBS)

July 1 is the beginning of a new DEIP year.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly higher and nominal. Contacts report that it is increasingly difficult to buy spot loads from producers. Most producers report being sold out for various periods of time and they have nothing to offer at this time. Most of the this week's market activity were resales and prices reflect a very firm market. Production levels are steady as cheese output is unchanged in the East. Demand is very good. Users are having to pay increasing premiums to acquire any spot loads that may be available. Production of human food, dry whey during May totaled 97.1 million pounds, 3.1% more than May 1996 and up 11.4% from April 1997. Month ending stocks, at 32.0 million pounds, are 15.9% below a year ago but 18.8% more than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.2025 - .2250
	USPH GRADE A	.2000 - .2400
DELVD SOUTHEAST:		.2175 - .2500

ANIMAL FEED WHEY - NORTHEAST

Prices are steady to higher and remain nominal. Stocks of animal feed/milk replacer whey are often tighter. Demand is fair to good, but higher prices are affecting spot sales. Production of animal feed, dry whey during May totaled 5.6 million pounds, down 16.1% from last May and down 2.7% from April 1997.

F.O.B. NORTHEAST:	MILK REPLACER	.1800 - .1975
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to lighter and plant stocks are adequate for current needs. Demand is seasonally slow to fair. After a recent published report, there is concern among producers, about the big jump in evaporated milk imports compared to year earlier levels. Canned evaporated milk production during May 1997 totaled 42.1 million pounds, up 2.7% from May 1996 but 1.8% less than April 1997. Month ending stocks, at 36.6 million pounds, are 29.3% less than a year ago but 34.6% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES	\$22.50 - 33.00
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Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

As the third quarter gets underway, the market tone and prices are weaker. Stocks of both rennet and acid are readily available. Prices on some acid casein are being quoted below the low end of the reported range, although unconfirmed. Buyers continue to be cautious about the source of casein, especially for product quoted at lower prices. According to the U.S. Census Bureau and USDA, April casein imports totaled 5,002,275 kilograms. For the first third of 1997, cumulative casein imports totaled 18,834,556 kilograms, 8% more than the same 4-month period last year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2800
ACID:	2.0000 - 2.1000

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 1997 was unchanged at 117. Compared with June 1996, the index was up 2 points (1.7 percent). The index of prices received by farmers for dairy products declined 4 points during the month of June 1997 to 96. Compared with June 1996, the index was down 17 points (15.0 percent).

On a 3.5 percent butterfat basis, prices received by farmers in June with changes from May were: for All Milk, \$12.55 per hundredweight (cwt.), down 36 cents; for Fluid Grade Milk, \$12.65 per cwt., down 37 cents; and for Manufacturing Grade Milk, \$10.75 per cwt., up 3 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 1997 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	11.98	11.90	12.16	13.51	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		33.00	29.50	125.00	106.00
IA	13.15	13.39	12.57	14.56			38.70	30.30	112.00	100.00
MI	13.31	12.60	13.31	14.73			39.50	31.30	108.00	79.00
MN	11.82	11.89	11.81	14.62			35.50	31.40	96.00	78.00
NY	12.87	12.22	12.86	14.59			---	---	84.00	82.00
OH	13.17	12.31	13.27	14.53			36.00	29.50	174.00	100.00
PA	13.73	13.77	14.35	15.14			35.60	31.30	129.00	110.00
TX	13.22	13.55	13.72	14.93			34.60	26.70	93.00	112.00
WA	12.67	12.08	12.73	14.97			---	---	113.00	109.00
WI	12.01	11.92	11.77	14.70			36.90	32.60	96.00	58.00
U.S.	12.91	12.55	13.01	14.70			36.00	30.60	108.00	92.30

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 1997 WITH COMPARISONS 1/

ITEM	JUNE 1996	MAY 1997 <u>2/</u>	JUNE 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:			
All milk Dol. per cwt.	14.70	12.91	12.55
Fluid grade milk Dol. per cwt.	14.82	13.02	12.65
Manufacturing grade milk Dol. per cwt.	13.42	10.72	10.75
INDEX NUMBERS for:			
Prices received by farmers for dairy products (1990-92 = 100) Index	113	100	96
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100) Index	115	117	117
PARITY PRICE for all milk Dol. per cwt.	29.00	29.70	29.70
PARITY EQUIVALENT price for manufacturing grade milk Dol. per cwt.	26.51	26.97	26.97
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>	1.62	1.48	1.43

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4% in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (6/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MAY 1997 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 103.1 million pounds in May, 2.2 percent above 1996 but 7.0 percent above April 1997.

for human food, totaled 132.3 million

11.4 percent above April 1997.

output (excluding cottage cheese) was 648.8 million pounds

AMERICAN TYPE CHEESE

NONFAT DRY MILK

DRY WHEY

(hard) production totaled 77.7 million gallons, 2.7 percent below May 1996 but 4.0 percent above April 1997.

PRODUCT	MAY 1997	MAY 1996	YEAR TO DATE %			MAY 1997	APR 1997	PERCENT
	1,000 LBS.							
BUTTER		2.2	-2.2			4,851	-10.4	
CHEESE						132,770	-1.2	
AMERICAN TYPES %								
	298,807		7.0		CONDENSED WHEY, SOLIDS CONTENT %			
	243,720		7.8		SWEET-TYPE, HUMAN FOOD	26.2		---
	18,787		15.1		SWEET-TYPE, ANIMAL FEED	-1.5		---
	8,934		-2.8		DRY WHEY PRODUCTS			
	48,696		23.8		DRY WHEY, HUMAN FOOD	3.1		---
	3,427		-6.5		DRY WHEY, ANIMAL FEED	-16.1		---
	5,947		3.9		TOTAL DRY WHEY %	1.8		-3.3
	202,974		7.1		LACTOSE, HUMAN FOOD & ANIMAL FEED	23.5		---
	51,495		2.2		WHEY PROTEIN CONCENTRATE			
	254,469		6.1		HUMAN FOOD	21.8		---
	9,778		15.8		ANIMAL FEED	2.3		---
	648,845		7.8					
	40,188		5.1		FROZEN PRODUCTS			PERCENT
COTTAGE CHEESE, CREAMED %		-3.7	-2.8			77,744	4.0	
COTTAGE CHEESE, LOWFAT %		4.0	2.9			9,481	-10.7	
CANNED EVAPORATED & CONDENSED						24,653	18.8	
WHOLE MILK		2.7	---			34,134	8.8	
DRY WHOLE MILK		-13.1	---			5,354	23.3	
NONFAT DRY MILK, HUMAN FOOD	%	15.6	5.8			8,532	-2.9	
DRY SKIM MILK FOR ANIMAL FEED		-27.3	---					

10							
PRODUCT	MAY 1997	PERCENT OF:				MAY 1996	
	1,000 LBS.		APR 1997				
DRY WHEY, HUMAN FOOD		-15.9		WHEY PROTEIN CONCENTRATE		0.3	
DRY WHEY, ANIMAL FEED		-20.0		HUMAN FOOD		84.3	
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL %		60.0		ANIMAL FEED		-29.3	
LACTOSE, HUMAN FOOD & ANIMAL FEED		15.4		CANNED EVAPORATED & CONDENSED WHOLE MILK		-34.4	
DRY BUTTERMILK, TOTAL		36.4		DRY WHOLE MILK		74.8	
				NONFAT DRY MILK FOR HUMAN FOOD		-32.6	
				DRY SKIM MILK FOR ANIMAL FEED			

% 1997 cumulative as percent of 1996 cumulative. % Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. % Does not include Part Skim cheese beginning January 1996 June 1996. % Mostly used for processing into creamed or lowfat cottage cheese. % Fat content 4 percent or more. % Fat content less than 4 percent. % Includes combined Minnesota marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. % Excludes modified dry whey products. %/ Stocks held by manufacturers at all points and in transit. %/ Reduced lactose and Minnesota and Wisconsin production of 133,530,000 lbs.

"Dairy Products," Da 2-6 (7-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for June 1997 is \$10.74 per hundredweight at 3.5 percent butterfat. The June Basic Formula Price is the May base month Minnesota-Wisconsin (M-W) price of \$10.75 at 3.5 percent minus a change of \$0.01, which is the change in the butter/powder/cheese formula from May 1997 to June 1997. The June 1997 Basic Formula Price is \$0.04 more than last month and \$3.18 less than the June 1996 Basic Formula Price. This Basic Formula Price is the Class III price for June 1997 and is to be used in August 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 11.4 cents. **MILK COMPONENT CONTENTS.** For the May 1997 base month M-W price, the butterfat content was 3.77 percent, protein 3.16 percent, and solids-not-fat 8.57 percent. For the June 1997 Basic Formula Price, the butterfat content was 3.67 percent, protein 3.15 percent, and solids-not-fat 8.57 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JUNE								JULY			AUGUST	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	14.68	16.33	11.74	13.39	10.63	13.81	12.11	15.01	13.94	17.01	11.00	13.98	11.04
New York/New Jersey (NY City)	2 4/	14.58	16.23	11.82	13.47	10.71	13.89	12.19	15.09	13.84	16.91	11.08	13.88	11.12
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	14.47	16.12	11.74	13.39	10.65	13.83	12.13	15.03	13.73	16.80	11.00	13.77	11.04
Carolina (Charlotte)	5	14.52	16.17	11.74	13.39	10.74	13.92	12.22	15.12	13.78	16.85	11.00	13.82	11.04
Tennessee Valley (Knox/Chat)	11	14.21	15.86	11.74	13.39	10.74	13.92	12.22	15.12	13.47	16.54	11.00	13.51	11.04
Southeast (Atlanta/Birmingham)	7	14.52	16.17	11.74	13.39	10.74	13.92	12.22	15.12	13.78	16.85	11.00	13.82	11.04
Upper Florida (Jacksonville/Tallahassee)	6	15.02	16.67	11.74	13.39	10.74	13.92	---	---	14.28	17.35	11.00	14.32	11.04
Tampa Bay	12	15.32	16.97	11.74	13.39	10.74	13.92	---	---	14.58	17.65	11.00	14.62	11.04
Southeastern Florida (Miami)	13	15.62	17.27	11.74	13.39	10.74	13.92	---	---	14.88	17.95	11.00	14.92	11.04
Michigan Upper Peninsula (Marquette)	44	12.79	14.44	11.74	13.39	10.74	13.92	12.22	15.12	12.05	15.12	11.00	12.09	11.04
Southern Michigan (Detroit)	40 6/	13.19	14.84	11.74	13.39	10.74	13.92	12.22	15.12	12.45	15.52	11.00	12.49	11.04
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	13.44	15.09	11.74	13.39	10.74	13.92	12.22	15.12	12.70	15.77	11.00	12.74	11.04
Ohio Valley (Columbus)	33	13.48	15.13	11.74	13.39	10.74	13.92	12.22	15.12	12.74	15.81	11.00	12.78	11.04

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JUNE								JULY			AUGUST	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	13.34	14.99	11.74	13.39	10.74	13.92	12.22	15.12	12.60	15.67	11.00	12.64	11.04
Chicago Regional	30	12.84	14.49	11.74	13.39	10.74	13.92	12.22	15.12	12.10	15.17	11.00	12.14	11.04
Central Illinois (Peoria)	50	13.05	14.70	11.74	13.39	10.74	13.92	---	---	12.31	15.38	11.00	12.35	11.04
S. Illinois/E. Missouri (Alton)	32	13.36	15.01	11.74	13.39	10.74	13.92	---	---	12.62	15.69	11.00	12.66	11.04
Louisville/Lexington/Evansville	46	13.55	15.20	11.74	13.39	10.74	13.92	12.22	15.12	12.81	15.88	11.00	12.85	11.04
Upper Midwest (Minneapolis)	68	12.64	14.29	11.74	13.39	10.74	13.92	12.22	15.12	11.90	14.97	11.00	11.94	11.04
E. South Dakota (Sioux Falls)	76	12.94	14.59	11.74	13.39	10.74	13.92	---	---	12.20	15.27	11.00	12.24	11.04
Iowa (Des Moines)	79	12.99	14.64	11.74	13.39	10.74	13.92	12.22	15.12	12.25	15.32	11.00	12.29	11.04
Nebraska/W. IA. (Omaha/Sioux City)	65	13.19	14.84	11.74	13.39	10.74	13.92	12.22	15.12	12.45	15.52	11.00	12.49	11.04
Greater Kansas City	64	13.36	15.01	11.74	13.39	10.74	13.92	---	---	12.62	15.69	11.00	12.66	11.04
Southwest Plains (Oklahoma City)	106	14.21	15.86	11.74	13.39	10.74	13.92	12.22	15.12	13.47	16.54	11.00	13.51	11.04
Texas (Dallas)	126	14.60	16.25	11.74	13.39	10.74	13.92	12.22	15.12	13.86	16.93	11.00	13.90	11.04
Eastern Colorado (Denver)	137	14.17	15.82	11.74	13.39	10.74	13.92	---	---	13.43	16.50	11.00	13.47	11.04
Western Colorado (Grand Junction)	134	13.44	15.09	11.74	13.39	10.74	13.92	---	---	12.70	15.77	11.00	12.74	11.04
SW Idaho/Eastern Oregon (Boise)	135	12.94	14.59	11.74	13.39	10.74	13.92	12.10	14.94	12.20	15.27	11.00	12.24	11.04
Great Basin (Salt Lake City)	139	13.34	14.99	11.74	13.39	10.74	13.92	---	---	12.60	15.67	11.00	12.64	11.04
Central Arizona (Phoenix)	131	13.96	15.61	11.74	13.39	10.74	13.92	12.10	14.94	13.22	16.29	11.00	13.26	11.04
New Mexico/West Texas (Albuquerque)	138	13.79	15.44	11.74	13.39	10.74	13.92	12.22	15.12	13.05	16.12	11.00	13.09	11.04
Pacific Northwest (Seattle/Portland)	124	13.34	14.99	11.74	13.39	10.74	13.92	12.10	14.94	12.60	15.67	11.00	12.64	11.04
SIMPLE AVERAGE	---	13.78	15.43	11.74	13.39	10.73	13.91	12.19	15.09	13.04	16.11	11.00	13.08	11.04

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in August 1997 is \$13.98 per 100 pounds or \$1.20 per gallon (\$13.98 divided by 11.63 equals \$1.2021).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

Procedure for Determining the Cheese Price Average for Use in Computing the Basic Formula Price

Effective with the May Basic Formula (BFP) issued on June 5, 1997, the Cheddar cheese price series being collected by the National Agricultural Statistics Service has been used in the product price formula update portion of the BFP. The NASS price series is collected and released weekly. It covers all transactions during a week, concluding on Friday, and published on Friday of the following week. The information released is the total volume of cheese sold during the week and the average price at which this volume was sold. Since information collected and published in this manner cannot be assembled on a monthly basis, a procedure was developed to determine a "monthly" average price for use in computing the BFP.

The "monthly" average cheese price for use in computing the BFP will be derived from the weekly information that has been published between the scheduled release dates of the BFP. For example, the May BFP, announced on June 5, will use NASS data for the weeks ending May 2, 9, 16, and 23. Data through the last week of May was not published until June 6, and therefore, not available for use in calculating the May BFP. However, this price will be used to compute the June monthly average cheese price. Listed below are scheduled release dates for the BFP for the remainder of 1997 and the weekly periods included in the applicable monthly cheese price averages. Also, once the information for a week has been used to compute a monthly average, that information will not be revised even if NASS issues revised data.

The monthly average will be an average of the applicable weekly prices, weighted by sales volume for the week. Each week, the price is multiplied by the weekly sales volume to yield a weekly value of cheese sold. The sum of the weekly values will be divided by the total sales volume over the covered weeks, and rounded to the customary four decimal places. The May monthly average was computed as follows:

Week Ending	Price	Volume	Value
5/2	\$1.1928	5,243,234	\$6,254,129.5152
5/9	1.1583	5,728,391	6,635,195.2953
5/16	1.1579	6,223,596	7,206,301.8084
5/23	1.1600	6,020,076	6,983,288.1600
Total		23,215,297	\$27,078,914.7789

$$\$27,078,914.7789 \div 23,215,297 = \$1.166426 = \$1.1664$$

BFP, Release date	Time period of cheese price average--weeks ending:
July, August 5	July 4, 11, 18, 25
August, September 5	August 1, 8, 15, 22, 29
September, October 3	September 5, 12, 19, 26
October, November 5	October 3, 10, 17, 24
November, December 5	October 31, November 7, 14, 21, 28
December, January 5	December 5, 12, 19, 26

Prepared by Dairy Division, Agricultural Marketing Service, USDA.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JUL 1995			JUL 1996			JUN 1997			JUL 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.20	14.20	0.00	16.85	18.40	1.55	14.52	15.37	0.85	13.78	14.63	0.85
Baltimore, MD	14.15	15.10	0.95	16.80	17.55	0.75	14.47	15.52	1.05	13.73	14.78	1.05
Boston, MA	14.36	15.09	0.73	17.01	17.74	0.73	14.68	15.81	1.13	13.94*	15.07	1.13
Carbondale, IL	13.13	14.09	0.96	15.78	17.03	1.25	13.45	15.54	2.09	12.71	14.80	2.09
Charlotte, NC	14.20	14.50	0.30	16.85	18.85	2.00	14.52	15.37	0.85	13.78	14.63	0.85
Chicago, IL	12.52	14.52	2.00	15.17	16.82	1.65	12.84	15.04	2.20	12.10	14.30	2.20
Cincinnati, OH	13.23	13.78	0.55	15.88	16.93	1.05	13.55	15.10	1.55	12.81	14.36	1.55
Cleveland, OH	13.12	13.58	0.46	15.77	16.48	0.71	13.44	14.94	1.50	12.70	14.20	1.50
Dallas, TX	14.28	14.43	0.15	16.93	17.58	0.65	14.60	14.85	0.25	13.86	14.11	0.25
Denver, CO	13.85	14.56	0.71	16.50	17.21	0.71	14.17	14.32	0.15	13.43	13.58	0.15
Des Moines, IA	12.67	13.27	0.60	15.32	16.57	1.25	12.99	14.48	1.49	12.25	13.74	1.49
Detroit, MI	12.97	13.73	0.76	15.62	16.45	0.83	13.29	14.59	1.30	12.55	14.19	1.64
Hartford, CT	14.26	14.99	0.73	16.91	17.64	0.73	14.58	15.71	1.13	13.84*	14.97	1.13
Houston, TX	14.82	14.97	0.15	17.47	18.12	0.65	15.14	15.39	0.25	14.40	14.65	0.25
Indianapolis, IN	13.02	13.90	0.88	15.67	16.84	1.17	13.34	15.03	1.69	12.60	14.44	1.84
Kansas City, MO	13.04	13.44	0.40	15.69	16.79	1.10	13.36	14.80	1.44	12.62	14.06	1.44
Little Rock, AR	13.89	14.06	0.17	16.54	16.84	0.30	14.21	14.46	0.25	13.47	13.72	0.25
Louisville, KY	13.23	13.63	0.40	15.88	17.88	2.00	13.55	14.80	1.25	12.81	13.76	0.95
Miami, FL	15.30	16.98	1.68	17.95	20.43	2.48	15.62	18.58	2.96	14.88	17.68	2.80
Milwaukee, WI	12.43	14.43	2.00	15.08	16.73	1.65	12.75	14.95	2.20	12.01	14.21	2.20
Minneapolis, MN	12.32	12.92	0.60	14.97	16.22	1.25	12.64	14.10	1.46	11.90	13.36	1.46
New Orleans, LA	14.77	14.77	0.00	17.42	17.72	0.30	15.09	15.34	0.25	14.35	14.60	0.25
Oklahoma City, OK	13.89	14.06	0.17	16.54	17.19	0.65	14.21	14.46	0.25	13.47	13.97	0.50
Omaha, NE	12.87	13.47	0.60	15.52	16.62	1.10	13.19	14.63	1.44	12.45	13.89	1.44
Philadelphia, PA	14.21	15.21	1.00	16.86	17.56	0.70	14.53	15.55	1.02	13.79	14.81	1.02
Phoenix, AZ	13.64	13.64	0.00	16.29	16.29	0.00	13.96	13.96	0.00	13.22	13.22	0.00
Pittsburgh, PA	13.12	14.07	0.95	15.77	16.27	0.50	13.44	14.24	0.80	12.70	13.50	0.80
St. Louis, MO	13.13	14.09	0.96	15.78	17.03	1.25	13.45	15.54	2.09	12.71	14.80	2.09
Salt Lake City, UT	13.02	13.17	0.15	15.67	15.82	0.15	13.34	13.49	0.15	12.60	12.75	0.15
Seattle, WA	13.02	13.47	0.45	15.67	15.97	0.30	13.34	13.64	0.30	12.60	12.98	0.38
Spokane, WA	13.02	13.47	0.45	15.67	15.97	0.30	13.34	13.64	0.30	12.60	12.98	0.38
Springfield, MO	13.31	13.71	0.40	15.96	16.61	0.65	13.63	14.28	0.65	12.89	13.79	0.90
Washington, DC	14.15	15.10	0.95	16.80	17.55	0.75	14.47	15.52	1.05	13.73	14.78	1.05
Simple Average	13.55	14.19	0.64	16.20	17.14	0.94	13.87	14.94	1.07	13.13	14.22	1.09

* NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 (\$16.84 at Hartford) for the period July-December 1997. The effective Class I price level is the Compact price plus the figure shown under the column labeled "Difference".

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF JULY 3 - 11, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	06/27/97	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	330,690	-0-	330,690	5,551,687	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	330,690	-0-	330,690	5,551,687	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF JULY 3 - 11, 1997 =	0.1	3.8	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	18.8	83.5	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - JULY 11, 1997 =	18.8	83.5	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL							
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT				
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	74.3	0.0
WEST	-0-	-0-	392,874	-0-	5,551,687	-0-	25.7	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	5,551,687	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/21/97 & Comparable Week 1996

Regions*	1	2	3**	4**	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL		
											WEEK : SINCE JAN 1	WEEK : SINCE JAN 1		
1997-Dairy cows HD (000)	0.4	1.3	---	8.9	18.3	1.9	2.8	0.8	7.5	3.3	45.1	1,407.0	44.3	46.1
1996-Dairy cows HD (000)	0.3	1.4	---	10.2	19.4	1.4	4.9	1.0	8.0	2.6	49.3	1,428.8	38.2	43.9
1997-All cows HD (000)	0.4	1.4	---	20.9	25.1	12.4	16.5	7.0	10.6	7.3	101.7	3,050.1		
1996-All cows HD (000)	0.4	1.4	---	25.0	27.1	24.7	20.7	10.7	12.1	6.9	129.0	3,254.0	**REGION 3 & 4 COMBINED**	
*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31														

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASES (POUNDS)

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 77,985,840 CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 10,351,099

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74						